

## ***Affordable Care Act – Small Business Health Care Tax Credit – Section 45R*** **Return Preparer Best Practices**

### **Changes for tax years beginning in 2014 or later:**

- Credit percentage increases from 35 percent to 50 percent of employer-paid premiums (25 percent to 35 percent for tax-exempt employers)
- Small employers may claim the credit for any two consecutive taxable years beginning in tax year 2014 or any later year
- The average wage phase out (\$25,000 - \$50,000) is adjusted for inflation beginning in 2014.
  - Tax year 2014 – phase out begins at \$25,000, ends at \$51,000
  - Tax year 2015 – phase out begins at \$25,000, ends at \$52,000
  - Tax year 2016 – phase out begins at \$25,000, ends at \$52,000
  - Tax year 2017 – phase out begins at \$26,000, ends at \$53,000

Generally, small employers are required to purchase a Qualified Health Plan (QHP) from a Small Business Health Options Program (SHOP) Marketplace to be eligible to claim the credit.

## **Return Preparer Best Practices**

**Preparers should obtain the following information from employer clients to calculate the Small Business Health Care Tax Credit.**

1. SHOP QHP documentation from insurance agent or broker and letter of eligibility from state SHOP (unless transition relief applies)
2. Numbers of full time and part time employees and hours (see [Form 8941](#) and Instructions for additional information regarding who is considered an employee for purposes of this credit)
3. Annual wages of employees
4. Employer premiums paid per employee
5. State tax subsidies or credit amounts
6. Cost of coverage for each employee
7. Payroll tax liability (tax-exempt employer clients only)
8. Pass-through credit info (from K-1s of other small employers), if any